

Doing Business In Lebanon: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Lebanon

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Market Overview

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- Lebanon has many investment enabling strengths that have encouraged foreign companies to set up offices in recent years. These strengths include a free market, highly dollarized economy, the absence of controls on the movement of capital and foreign exchange, a highly educated labor force, good quality of life and limited restrictions on investors.
- Economic growth is estimated to have reached five percent in 2004, mainly driven by the surge in tourism, exports, and foreign investments. Arab investors moved heavily into the real estate sector. GDP is estimated to have reached \$19.5 billion in 2004, with inflation estimated at 4 percent. Lebanon's population is estimated at 4.4 million with GDP per capita at \$4432.
- The U.S. ranks as Lebanon's fifth largest source of imports, following Italy, France, China and Germany. According to U.S. Department of Commerce statistics, U.S. exports to Lebanon grew by 51 percent in 2004, reaching \$434 million at the end of November. Lebanese exports to the U.S. dropped by 19 percent in 2004 reaching \$69 million at the end of November. U.S. market share reached six percent in 2004. According to the Lebanese Customs statistics, Lebanon's total imports were \$8.5 billion and total exports reached \$1.6 billion at the end of November 2004.
- French, Italian, German, British, Korean, and Finnish companies have won most government tenders over the past several years. This can be attributed to a) the travel ban which delayed the physical presence of U.S. companies in the Lebanese market to bid on projects until 1997, and b) tied bilateral financial protocols between Lebanon and some European countries, which provide grants and soft-term loans. The U.S. has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement on the avoidance of double taxation.

Market Challenges

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- Foreign companies investing in Lebanon still face some impediments such as red tape and corruption, arbitrary licensing decisions, complex customs procedures,

archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunications and power charges, varying interpretation of laws and a lack of adequate protection of intellectual property. Some foreign companies have left the market or relocated their regional offices to neighboring countries, or refrained from investing in Lebanon at all, because of frustration resulting from these impediments.

Market Opportunities

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- Initial year-end figures indicate that U.S. exports to Lebanon grew 51 percent in 2004. Much of this growth can be attributed to the strength of the euro over the dollar. Preliminary statistics suggest that export sectors contributing to this surge include healthcare and medical equipment, pharmaceuticals, apparel, automotive parts, cosmetics, and agricultural products and foodstuffs.
- Public Sector-Water: The Council for Development and Reconstruction (CDR) is the government body responsible for tendering most development projects in Lebanon and the clearing house for most international aid funds. CDR has a \$3.6 billion multi-year program currently underway. CDR has \$1.2 billion worth of projects in the water sector slated for the next five years, including \$300 million for potable water, \$200 million for irrigation, and \$700 million for wastewater.
- Public Sector-Transportation: Transportation infrastructure upgrades are another CDR priority. The total value of projects to complete planned work on the roads and highways sector in Lebanon is estimated at \$1 billion. The Government of Lebanon is planning to upgrade Beirut's transportation infrastructure through a \$65 million World Bank loan. Other upcoming transportation projects include expanding the passenger capacity at Beirut International Airport, improving highway linkages between Lebanon and Syria, and upgrading the secondary ports in Tripoli and Sidon as maritime outlets for shipments to Iraq.
- Tourism: Tourism continues to be a growing source of revenue for Lebanon. New hotels and restaurants to accommodate this increase in activity are in high demand. Currently, hotel projects worth over \$200 million are under construction in Beirut, including Hilton, Four Seasons and Starwood, creating new market opportunities for U.S. suppliers of hotel and restaurant equipment.
- Information and Communication Technology (ICT): Despite its outdated and costly ICT infrastructure, Lebanon has the fundamental building blocks needed to become a regional center for technology: a highly-educated and multilingual workforce, a strong private sector, world-class advertising firms, and multi-lingual media content providers and web portals.
- Pharmaceuticals: Lebanon is the leading importer of pharmaceutical drugs in the Levant region and has over 50 pharmaceutical importing firms. The pharmaceutical market generates around \$400 million every year in retail sales.

The local pharmaceutical manufacturing industry is weak. Imports constitute between 92 and 95 percent of total consumption.

Market Entry Strategy

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- U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. Networking and lengthy investigation are necessary to find an appropriate partner. U.S. companies don't need to come to Lebanon to find the agent. The U.S. Embassy can be helpful through the International Partnership Search (IPS) service. IPS is a customized search for qualified Lebanese representatives, agents or distributors for US firms.
- The Investment Development Authority of Lebanon (IDAL), a public agency responsible to promote investments in Lebanon, has a "One-Stop Shop" service to issue permits and licenses for investors. Further information about IDAL and its services are available at www.idal.gov.lb.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35833.htm>

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Using an Agent or Distributor

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U.S. companies are advised to establish a branch or rely on a Lebanese agent when doing business in Lebanon. The agent may be a partnership, a sole proprietorship, a joint-stock company or a limited liability company. The agent can act on behalf of the U.S. company to bid for government tenders and best market its products. The U.S. Embassy can help U.S. companies find reliable Lebanese agents through the International Partnership Search (IPS) service. IPS is a customized search for qualified Lebanese representatives, agents or distributors for U.S. firms.

Establishing an Office

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Foreign companies may either open a branch or a representative office. Lebanese law provides for a range of business entities available to both local and international investors. These include partnerships and sole proprietorships, joint-stock companies, limited liability companies, holding companies, and offshore companies.

Branch offices may undertake any business activity permitted by Lebanese law with no minimum capital or performance requirements. A foreigner who wishes to establish a branch in Lebanon must have a residence permit from the Sûreté Générale and a work permit from the Ministry of Labor. Foreign companies need a license to operate from the Ministry of Economy and Trade. U.S. companies may operate through local branches provided they obtain a "Receipt of Acknowledgement" from the Ministry of Economy and Trade and register in a local commercial court. For trade activity, the company must be registered at any of the four regional Chambers of Commerce and Industry.

Representative offices may only engage in the promotion of their companies' products. The registration requirements are similar to those of the branch office without the requirement to register in a commercial court.

The Investment Development Authority of Lebanon (IDAL) has a "One-Stop Shop" service to issue permits and licenses for investors. IDAL coordinates with all concerned Ministries and public authorities. Further information about IDAL and its services are available at www.idal.gov.lb.

An American-Lebanese Chamber of Commerce (AmCham) was established in Lebanon in 1999. The AmCham promotes business between the U.S. and Lebanon and serves as a platform for contacts between business executives. Further information about AmCham's services and activities are available at www.amcham.org.lb.

Franchising

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With the successful establishment of international brand names and their continuous expansion across the country, franchising has become one of the fastest growing business sectors in Lebanon. The most commonly known are international fast food outlets such as McDonald's, Starbucks, Pizza Hut, Kentucky Fried Chicken, Baskin Robbins, Hardees, Chili's, Hard Rock Café, Dunkin' Donuts, Burger King, and Subway.

Franchises are also available for many other products and services in Lebanon. In the area of clothing, for example, the UK retailers Storehouse, Mothercare, and Next, and the Spanish clothing chains Zara and Mango have all opened large stores. Other non-food franchises in Lebanon include Putt Putt, New Horizons, Hertz Car Rental, Budget Rent-a-Car, Thrifty Rent-a-Car, and Florsheim Shoes.

Franchised hotels are also witnessing spectacular growth in Lebanon, with many local hotels partnering with international chains, to the benefit of local proprietors who can take advantage of the chains' name recognition and international reservation networks. Movenpick, Crowne Plaza, Inter-Continental, Holiday Inn and Marriott are already managing hotels in Lebanon. In addition, several five-star hotels, including Hilton, Four Seasons, Starwood and others, worth over \$300 million, will be built in Beirut and the nearby mountains over the next three years.

Direct Marketing

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With around \$100 million spent annually on advertising, the advertising industry has proven to be the most effective marketing channel in Lebanon. Advertising can be through TV, radio, billboards and trade fairs. Numerous international fairs and trade shows are held in Lebanon, with significant participation from European, Asian, Middle Eastern, and, increasingly, U.S. companies. At least one show, fair, or exhibition is scheduled for each month of the year. A list of trade fairs can be found in Chapter 9.

"Made In America," an annual trade fair for U.S. products and services organized by the U.S. Embassy, offers an excellent opportunity for U.S. companies to market their

products and develop new partnerships in Lebanon and the Middle East. Over 160 U.S. companies were represented at last year's Made in America, held from September 1-3, 2004. Sales resulting from 2003 and 2004 shows were estimated at \$1.5 million. For additional information, please contact the Embassy's Commercial Section at MadeInAmerica@state.gov.

Joint Ventures/Licensing

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Lebanese law does not consider joint ventures to be separate legal entities and does not require them to be registered in the Commercial Register. Joint ventures are established through a contract between at least two partners without publicizing formalities.

The Investment Development Authority of Lebanon (IDAL) has a "One-Stop Shop" service to issue licenses for investors. Further information is available at www.idal.gov.lb.

Selling to the Government

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The Lebanese government comprises 19 ministries. Each ministry is responsible for its own procurement that is usually carried out via public tenders and published on the ministries' websites. A list of ministries and their websites can be found in the Web Resources section of this chapter. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the public unit responsible for large government projects. These are usually carried out through public tenders. However, there are occasional purchases via direct contract when attractive financing protocols are made available by the foreign companies' governments. More information about CDR and its projects can be found at www.cdr.gov.lb.

Distribution and Sales Channels

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Most of the products imported to Lebanon enter either through Beirut International Airport (BIA) or the Beirut Port. Foreign exporters rely on local companies to clear and receive the imported products from the Customs Authority at Beirut Port and BIA, and to distribute them in the market. Although traditional markets and souks exist in Lebanon, most U.S. products are distributed through modern retail stores and supermarket chains spread throughout the country.

Selling Factors/Techniques

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The Lebanese market is generally characterized as being price sensitive. Accordingly, many European and Asian brands introduced into the market have managed to earn a considerable market share. However, high quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovations and value-added. Moreover, demand for U.S. goods has been increasing due to the decline of the dollar relative to the Euro.

Sales material can be in English, French or Arabic.

Electronic Commerce

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E-commerce is in its early stages in Lebanon. Some e-commerce ventures, such as online shops, auctions, services, and content publishing, have been established. However, these ventures remain limited because there is no appropriate legal and regulatory framework for e-transactions. The reliability of online transactions has not gained widespread acceptance by the Lebanese population. Internet and telecommunications prices remain high. In 2004, the European Union financed the establishment of a project in Lebanon to promote the development of e-commerce. The project's website is www.ecomleb.org.

Trade Promotion and Advertising

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Lebanon has become a regional center for the advertising industry, despite stiff competition from Arab Gulf states. Lebanon enjoys a sophisticated domestic audience and a thriving media sector. There are eight television stations, seven regional satellite channels, 14 newspapers, 30 magazines and many radio stations.

Television remains the favored medium of advertising and captures half of the market. Other mediums include print, billboards, radio and cinema.

There are numerous Arabic-language dailies in Lebanon, as well as the English-language Daily Star (www.dailystar.com.lb) and the French-language L'Orient du Jour. Most newspapers have websites displaying the latest news on Lebanon. Yalla is a web portal offering updated political and business information and links. It may be reached at www.yalla.com.lb. Other useful websites include www.lebanonlinks.com and www.opportunities.com.lb.

Major business magazines include the English-language Lebanon Opportunities, Executive Magazine and Arab Ad, the French-language Le Commerce du Levant and the Arabic-language Al-Iktissad Wal Amal and Al-Mourakeb Al-Inmail.

Pricing

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Prices of imported goods are subject to Customs fees and a Value-Added Tax (VAT) of 10 percent. The Consumer Protection Department at the Ministry of Economy and Trade controls prices on bread and petroleum derivatives. The Technical Center for Price Control at the Ministry of Economy and Trade surveys supermarket prices of consumer goods every two months. The Ministry of Health also controls the price of pharmaceuticals.

Sales Service/Customer Support

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Customer service is highly valued in Lebanon. A number of leading Lebanese companies have a sales service and customer support unit. Such services are critical to maintaining market share. In January 2005, Lebanon passed a new Consumer Protection Law, which calls for the establishment of a number of mechanisms for better protection of consumers.

Protecting Your Intellectual Property

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Lebanon has legislation to provide adequate intellectual property right (IPR) protection. However, enforcement is weak. It is advisable that U.S. companies register their patents and trademarks at the Ministry of Economy when introducing them into the market. We recommend contacting a lawyer whenever faced with an IPR violation. A list of lawyers practicing in Lebanon is available at the U.S. Embassy's website at www.usembassy.gov.lb or from the Department of State's American Citizen Services Office in the Bureau of Consular Affairs at www.travel.state.gov.

In 2004, the United States Trade Representative maintained Lebanon's position on the "Priority Watch List" due to severe intellectual property right violations. Problems persist with the widespread availability of pirated optical discs and rampant cable piracy. Registration of copycat pharmaceuticals has remained problematic, and unenforceable data exclusivity provisions remain causes for concern. Counterfeiting of trademarked goods continues. Furthermore, the judiciary is slow and inefficient, and there is a general lack of sustained will within the government to improve IPR enforcement. Lebanon has not yet joined the latest text of the Berne Convention or ratified the WIPO Copyright Treaty or the WIPO Performances and Phonograms Treaty.

Due Diligence

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U.S. firms wishing to do business in Lebanon are encouraged to conduct due diligence on their potential partners. To verify the bona fides of Lebanese companies, U.S. firms may request the U.S. Commercial Service International Company Profile (ICP) service. The ICP report includes factual data on the Lebanese firm's management, business activities, product lines, financial condition, credit-worthiness, trading experience, market coverage, business connections in the country, as well as an Embassy evaluation to

help U.S. firms assess risks, reliability and capability. U.S. firms are also encouraged to hire a local attorney while doing business in Lebanon. A list of lawyers practicing in Lebanon is available at the U.S. Embassy's website at www.usembassy.gov.lb or from the Department of State's American Citizen Services Office in the Bureau of Consular Affairs at www.travel.state.gov.

Local Professional Services

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The American Lebanese Chamber of Commerce: www.amcham.org.lb
Chamber of Commerce-Beirut: www.ccib.org.lb
Chamber of Commerce-Saida: www.ccias.org.lb
Chamber of Commerce-Tripoli: www.cciat.org
Chamber of Commerce-Zahle: www.cciatz.org.lb

Web Resources

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Ministries:

Ministry of Agriculture: www.agriculture.gov.lb
Ministry of Telecommunications: www.mpt.gov.lb
Ministry of National Defense: www.lebarmy.gov.lb
Ministry of Displaced: www.ministryofdisplaced.gov.lb
Ministry of Education & Higher Education: www.higher-edu.gov.lb
Ministry of Finance: Customs Administration: www.finance.gov.lb
Ministry of Information: www.nna-leb.gov.lb
Ministry of Justice: www.justice.gov.lb
Ministry of Interior & Municipalities: www.moim.gov.lb
Ministry of Labor: www.mol.gov.lb
Ministry of Public Health: www.public-health.gov.lb
Ministry of Public Works & Transport: www.public-works.gov.lb
Ministry of Social Affairs: www.socialaffairs.gov.lb
Ministry of Foreign Affairs & Emigrants: www.emigrants.gov.lb
Ministry of Economy & Trade: www.economy.gov.lb
Ministry of Industry: www.industry.gov.lb
Ministry of Tourism: www.destinationlebanon.com
Ministry of Environment: www.moe.gov.lb
Office of the Minister of State for Administrative Reforms (OSMAR): www.omsar.gov.lb

Organizations:

Association of Lebanese Industrialists: www.ali.org.lb
Council for Development and Reconstruction: www.cdr.gov.lb
Investment Development Authority of Lebanon (IDAL): www.idal.com.lb
Ogero: www.ogero.gov.lb
Professional Computer Association: www.pca.org.lb

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

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Drugs/Pharmaceuticals (DRG)

Overview

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	2002	2003	2004 (estimated)
Total Market Size	348	407	403
Total Local Production	15	16	17
Total Exports	4	4	5
Total Imports	333	391	386
Imports from the U.S.	22	26	27

(Figures are in millions of dollars and based on Lebanese Customs statistics)

Lebanon is the leading importer of pharmaceutical drugs in the Levant area with over 50 pharmaceutical importers. Total pharmaceutical imports to Lebanon reached \$386 million in 2004. The local pharmaceutical industry is weak. Imports constitute around 95 percent of the total available in the market. U.S. products account for about 7 percent of total imports.

Best Prospects/Services

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U.S. products have an advantage over European products in the pharmaceutical sectors of biotechnology, high-tech, anticancer and cardiovascular drugs. Moreover, any new leading American drug that is not yet manufactured in Europe is well received in Lebanon.

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Ministry of Public Health: www.public-health.gov.lb

Customs Authority: www.customs.gov.lb

For additional information on Lebanon's market for drugs and pharmaceuticals, please contact the Embassy's Commercial Section at combeirut@state.gov.

Autos (AUT)

Overview

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	2002	2003	2004 (estimated)
Total Market Size	326	333	340
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	326	333	340
Imports from the U.S.	98	100	102

(Figures are in millions of dollars and based on Lebanese Customs statistics)

The Lebanese market of approximately 1.7 million vehicles experiences a steady increase of 2 to 3% per year, resulting in an average import value of \$335 million annually. U.S. market share over the past three years has been steady at approximately 30%

Best Products/Services

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The demand for Sport Utility Vehicles (SUV's) in Lebanon has been growing. According to private sector sources, around 10 percent of imported cars to Lebanon are SUV's. This percentage is expected to increase due to their heavy duty performance and the poor road conditions throughout the country. Lebanese prefer American SUV's over others because of their high quality and long record of success in the market.

Several U.S. automobile products such as brakes and clutches, engine lubricants, and safety accessories have demonstrated an advantage over foreign competitors.

Opportunities

The Lebanese Car Importers Association co-organizes an annual Motor Show in November that presents significant opportunities for U.S. companies to display their products and services to the Lebanese market.

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Lebanon Motor Show: www.promofair.com.lb

Lebanese Customs Authority: www.customs.gov.lb

For additional information on Lebanon's market for autos, please contact the Embassy's Commercial Section at combeirut@state.gov.

Telecommunications Services (TES)

Overview

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	2002	2003	2004 (estimated)
Total Market Size	360	400	440
Total Local Production	223	n/a	n/a
Total Exports	23	n/a	n/a
Total Imports	n/a	n/a	n/a
Imports from the U.S.	n/a	n/a	n/a

(Figures are in millions of dollars and based on Lebanon's Professional Computer Association statistics)

Lebanon's market for information and communication technology (ICT) was estimated to be over \$400 million in 2003, with an average annual growth of 12.5%. The service sector controls a sizeable portion of the total market. Reliable numbers for market size are therefore unavailable. Local production was estimated at \$223 million in 2002. Lebanese exports reached \$23 million during the same year.

Best Prospects/Services

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Lebanon has the fundamental building blocks needed to play a regional role in technology: a skilled workforce, a strong and entrepreneurial private sector, and a computer culture connected with a host of Internet Service Providers. However, Lebanon still lacks international expertise and relies heavily on U.S. know-how to boost its telecommunications industry. A number of U.S. companies, such as Intel and Computer Associates, have capitalized on Lebanon's advantages to introduce their services in Lebanon and the Levant.

Opportunities

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Lebanon is an ideal location for establishing a regional office to cover the Levant region, including Iraq. The Lebanese market has been used as a platform for testing U.S. technology prior to introducing it to the rest of the Levant market. Opportunities to form partnerships with local ICT companies are available, especially in areas such as software and telecom solutions for small and medium-sized Lebanese companies.

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Termium Show: www.pca.org.lb

The Professional Computer Association: www.pca.org.lb

Ministry of Post & Telecommunications: www.mpt.gov.lb

For additional information on Lebanon's market for telecommunication services, please contact the Embassy's Commercial Section at combeirut@state.gov.

Apparel (APP)

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	2002	2003	2004 (estimated)
Total Market Size	370	414	460
Total Local Production	148	168	200
Total Exports	37	42	50
Total Imports	222	246	260
Imports from the U.S.	3	3	4

(Figures are in millions of dollars and based on Lebanese Customs statistics)

Although Lebanon is a small market, it attracts a large number of Arab tourists every year who significantly boost retail activity in Lebanon. This has resulted in steady growth in the apparel sector. U.S. exports to Lebanon increased in 2004 to reach around \$4 million. The sector currently constitutes 2 percent of total imports. Many U.S. brands, including Tommy Hilfiger, Nautica, Seven Jeans, Polo, Ralph Lauren and Timberland are currently available in the Lebanese market.

Best Prospects/Services

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The trend in Lebanon is moving from high-end haute couture to casual wear. Most Lebanese consider U.S. brands to be the leader in casual wear. Thus, demand for U.S. apparel has been increasing steadily. Lebanese buyers regularly travel to Magic Apparel Trade Show in the U.S. to explore the new trends in the U.S. fashion industry.

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Beirut Fashion Week: www.ifp.com.lb

Lebanese Customs Authority: www.customs.gov.lb

For additional information on Lebanon's market for drugs and pharmaceuticals, please contact the Embassy's Commercial Section at combeirut@state.gov.

Education Services (EDS)

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	2002	2003	2004 (estimated)
Total Market Size	125	125	125
Total Lebanese Students	124	124	124
Total Lebanese students abroad	3	3	3
Total foreign students in Lebanon	1	1	1
Lebanese students in the U.S.	2	2	2

(Figures are in thousands of students and based on AMIDEAST statistics)

Lebanon has one of the best educational systems in the Middle East. There are currently 125,000 students enrolled in universities throughout Lebanon. Over 2,100 Lebanese students are currently studying in the U.S. America-Mideast Educational and Training Services (AMIDEAST), a non-profit organization headquartered in Washington DC, opened in Lebanon in 1968 and helps Lebanese students pursue higher education in the U.S.

Best Prospects/Services

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Demand for graduate studies in the U.S. has been increasing, especially in the fields of business, computer science, engineering, medicine and fine arts.

U.S. educational franchises are doing well in Lebanon. The U.S. franchise New Horizon, which provides computer training, has over 45% of the Lebanese market. The U.S. franchise Berlitz, which provides language training, has approximately 10% of the market.

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U.S. Educational Group (USEG) Fair: www.al-jamiat.com
AMIDEAST: www.amideast.org

For additional information on Lebanon's market for drugs and pharmaceuticals, please contact the Embassy's Commercial Section at combeirut@state.gov.

Agricultural Sectors

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In 2004, Lebanon imported USD 190.7 million worth of agricultural goods from the U.S. This constitutes 13 percent of Lebanon's total agricultural imports and 34 percent of total U.S. exports to Lebanon. Products with large import shares include tobacco (42 percent), cereals (33 percent), oil seeds (7 percent), miscellaneous edible preparations (5 percent), animal/vegetable fats and oils (6 percent), and edible fruits and nuts (5 percent).

U.S. agricultural exports to Lebanon increased by 10 percent in 2004. Leading U.S. product exports to Lebanon include: tobacco, which increased by USD 5 million to reach USD 81 million in 2004; cereals increased by 71 percent, reaching USD 63 million; and miscellaneous edible preparations maintained their level of USD 10 million. Total Lebanese agricultural imports from all sources increased by 12 percent in 2004.

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Import Tariffs

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More than 83 percent of customs tariff lines have duties equal to or below 5 percent. The Customs website (www.customs.gov.lb) provides a searchable database that displays import duties by tariff number.

Trade Barriers

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The import and export of goods is subject to a number of trade barriers imposed by ten Lebanese government state bodies. Measures include prohibitions, licenses, quotas, visas, veterinary certificates, and phytosanitary certificates. All goods subject to import and export prohibitions are also prohibited from transiting through the territory of Lebanon. A limited number of goods (e.g., juices and electric phone wires) are subject to more than one trade measure. To find out whether a specific product is subject to non-tariff barriers, consult the customs website at www.customs.gov.lb.

Lebanon adheres to the Arab League boycott of Israel. Enforcement is selective as many goods on the boycott list are available in the Lebanese market. The Arab League's Central Boycott Office maintains a blacklist of U.S. firms that are believed to contribute to Israel's military or economic development. In accordance with U.S. anti-boycott regulations, U.S. companies may not certify that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (www.bis.doc.gov).

Import Requirements and Documentation

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Import processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Bill of lading
- Packing list
- Commercial invoice (original)
- Delivery order (to prove ownership of goods)
- Quietus from the Social Security Office renewed every six months (required only for legal persons and commercial establishments)
- Contract of sale between importer and seller at the country of exportation (may be requested for value verification only in case customs officers doubt the invoice value)
- Certificate of origin, issued by Chambers of Commerce in the country of exportation (required in case importer wishes to benefit from preferential treatment)
- Depending on the type of imported good, a number of other documents may also be required including license, advance license, permit, advance permit, approval, advance approval, visa, advance visa, conformity certificate to mandatory standards, phytosanitary certificate, analysis certificate, packing conditions, health certificate, transport permit, fumigation certificate, disablement certificate for alcoholic products, specialization certificate, and country of origin certificate for seeds and seedlings.

Export processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Packing list
- Invoice
- Certificate of origin issued by Chamber of Commerce except for exports to Europe. The certificate of origin must be certified by the Ministry of Agriculture for all food products of plant origin and by the Ministry of Industry for all industrial products. Certificate of Origin for exporting industrial products to Europe are issued by the Ministry of Industry according to EUR 1 and FORM A and are certified by Customs.
- Quietus from the Social Security Office renewed every six months (required only for legal persons and commercial establishments)
- A number of other documents may also be required depending on the type of exported good. They include licenses, advance licenses, passage licenses, permits, advance permits, private permits, transport permits, visas, conformity and export certificates for quality verification for all food products of plant origin, agricultural certificates, and agricultural health certificates.

U.S. Export Controls

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Lebanon is not subject to special sanctions. In principle, all exports require a license, though in practice the vast majority of U.S. exports fall under a “general license” that allows export without getting permission from the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (www.bis.doc.gov). When doing business with Lebanon, U.S exporters should consider the following U.S. export regulations:

- For a number of items, a specific export license is required. These items include products whose high-tech nature implies that export may involve a national security risk. Contacting BIS will enable an exporter to determine whether or not a specific item requires a license. If a specific license is required, one of the considerations will

be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

- U.S companies need to verify whether the U.S. government has blacklisted a particular Lebanese company or individual, as a result of past violations of export regulations. The BIS has a Denied Persons List and the Office of Foreign Assets Control has a Specially Designated Nationals List. Both are available online on www.bis.doc.gov and www.treas.gov/offices/eotffc/ofac/index.html.

Temporary Entry

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There are two types of permits for the entry of temporary goods. Customs grants a regular temporary goods entry permit to foreign products that will be manufactured or finished in Lebanon and then re-exported outside Lebanon or displayed in free zones. This permit is valid for six months and may be renewed for up to two years.

The Customs' Director-General may grant a special temporary goods entry permit for a range of products intended for temporary use. However, the period of the permit is limited to three months. Goods subject to the special permit include:

- Equipment and machinery used in public works, archeology, cinema and journalism.
- Goods or samples to be displayed in trade fairs.
- Goods intended for maintenance and repair or goods used for maintenance and repair.
- Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon then re-exported.

Labeling and Marking Requirements

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Labels should include the net weight of the product, manufacture and expiration date, ingredients and origin. Labeling language varies between Arabic, English and French. Products with Hebrew labels are not accepted. Should you need further info, please contact the Ministry of Economy and Trade at www.economy.gov.lb.

Prohibited and Restricted Imports

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Prohibited imports include the following:

- Cedar seeds and seedling (in conservation of Lebanese cedars species).
- Chemical improvers used in bread making (health measure).
- Table salt not containing iodine (health measure).
- Waste/slag/ash/scrap of many chemical, mineral and metal products (in protection of the environment).
- Clinker and black cement (in protection of local industry).
- Vehicles older than eight years and motor vehicles for the transport of goods older than five years (in protection of the environment).
- Used medical and radiography apparatus (health measure).
- Gas fueled pocket lighters (to prevent any fire incident).

- Wireless phone sets of 900 Megahertz.

Lebanon adheres to the Arab League Boycott of Israel. As a result, Lebanon prohibits the import of goods manufactured in or originating from Israel. For more information, please refer to the Trade Barriers section of this chapter.

Customs Contact Information

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Lebanon follows the Harmonized System for its tariff regime. A new and modern Customs Law was implemented in 2001. It simplifies and expedites customs procedures, adopts international standards for the valuation of goods, applies modern and fair dispute settlement procedures, allows for electronic declaration of goods, and fosters the development of industrial and free zones. This new law has reduced delays and administrative burdens in clearing imported products through customs at the airport and ports. However, exporters are advised to contact local customs agents to expedite the clearing process. Customs has been very active in introducing online operations for its automated clearance system whereby traders and custom brokers will be able to enter and track customs declarations. When fully implemented, users will be able to register, as well as assess and pay declarations directly from their bank accounts.

For further information on customs procedures please refer to the following website:
Lebanese Customs: www.customs.gov.lb

Key contacts:

General Directorate of Customs
Beirut, Lebanon
Tel: 961-1-980065/6
Fax: 961-1-643826

Higher Council for Customs
Beirut, Lebanon
Tel: 961-1-988510/1
Fax: 961-1-988512

Standards

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Overview

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The Lebanese Standards Institution, known as LIBNOR, is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards. A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health, Environment, Agriculture, Economy and Trade, and Transport and Public Works) issue technical regulations connected with products in the form of Ministerial Decisions and Council of Ministers Decrees.

Standards Organizations

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By law, LIBNOR, affiliated with the Ministry of Industry, is designated as the sole authority in Lebanon to issue, publish, and amend Lebanese voluntary standards. LIBNOR is also designated as the sole authority to give the right to use the Conformity Label (kitemark). Programs for drafting standards are set annually. The Board of Directors approves the annual plans, submitted by LIBNOR's Director General, for preparing new standards or amending existing ones. The annual program for drafting standards is also available through LIBNOR's website (www.libnor.com).

Conformity Assessment

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Legislation provides authority and license to the following seven laboratories to test products:

- The Laboratories of Industrial Research Institute (IRI) affiliated with the Ministry of Industry test for all types of products.
- The Central Laboratory at the Ministry of Public Health (in case of food products).
- The Laboratory of the Agricultural Research Institute at the Ministry of Agriculture (in case of food products).
- The American University of Beirut Laboratory of Chemistry and Pharmacology.
- The French Medical Institute Laboratory of Chemistry and Pharmacology at Saint Joseph University.
- The Nuclear Medicine Laboratory at Notre Dame du Liban Hospital.

Product Certification

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Industrial Research Institute (IRI) provides certificates of quality or conformity with standards and purchase requirements. Certificates of conformity or quality, issued by foreign companies such as SGS and Veritas, are also honored in Lebanon. In addition, several ministries issue certificates of conformity. The Ministry of Agriculture has the authority to issue certificates of conformity for exported agricultural products. The Ministry of Economy and Trade issues conformity and export certificates at the request of the exporter. The Ministry of Public Health issues health certificates at the request of the exporter.

Publication of Technical Regulations

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Once the board committee agrees on draft standards, LIBNOR announces a trial period of at least three months. This announcement is sent directly to the National News Agency, several local newspapers, all members of the technical committee, and local state television. Board members may also publish it or make it known to the relevant bodies they represent. Once adopted, all standards and decrees (issuing technical regulations) are published in the "Official Gazette."

Labeling and Marking

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Labels on containers and packages require the display of size, weight, or quantity of the goods contained therein. The Consumer Protection Division at the Ministry of Economy and Trade currently enforces the law. Failure to comply with the requirements subjects the violator to penalties.

Contact Information

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LIBNOR is de facto the national inquiry point in Lebanon on standards and technical regulations resulting from conversion of standards.

LIBNOR
Bloc B, Gedco 3 Center
PO Box 55120
Beirut, Lebanon
Tel: 961 1 485 927 (5 lines)
Fax: 961 1 485 929
E-mail: Libnor@cns.edu.lb
Website: www.Libnor.com

Trade Agreements

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Lebanon is traditionally a country with a free and open trade regime. Efforts towards trade liberalization have been focused on the European Union (EU), World Trade Organization (WTO), and the Arab world. Lebanon does not have a free trade arrangement with the U.S., nor a bilateral investment treaty.

Lebanon is in the process of acceding to the World Trade Organization (WTO). Having gained observer status in 1999, Lebanon held its third Working Party meeting in July 2004. Lebanon anticipates WTO accession in 2006.

Lebanon's Association Agreement with the EU came into effect in March 2003. The agreement provides for reciprocal free trade on the majority of industrial goods. It also liberalizes trade on a large basket of agricultural and processed agricultural goods. The Euro-Med Partnership aims at establishing a free trade area for the Mediterranean region by the year 2010.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement. EFTA will relax its trade barriers beginning in 2005, while Lebanon will progressively lift trade barriers between 2008 and 2015. The agreement covers trade in industrial goods and agricultural products, as well as investment and government procurement.

Lebanon has signed a number of free trade agreements with Arab countries. Lebanon is a signatory to the Arab League's Greater Arab Free Trade Area (GAFTA), an agreement among 17 Arab countries. Import duties among GAFTA countries were fully eliminated on January 1, 2005. Lebanon has signed a number of bilateral free trade agreements with Arab countries to expedite trade integration. Those include Syria (effective 1999), Egypt (effective 1999), Kuwait (effective 2000), UAE (effective 2001), Iraq (effective 2002), and Jordan (signed in 2002, but not ratified). More information about trade agreements is at the Ministry of Economy and Trade's website at www.economy.gov.lb.

Web Resources

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- Lebanese Customs Authority: www.customs.gov.lb.
- LIBNOR: www.libnor.com
- Ministry of Economy: www.economy.gov.lb

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Lebanon has many investment enabling strengths that have encouraged foreign companies to set up offices in recent years. Lebanon's key advantages include a free market economy, the absence of controls on the movement of capital and foreign exchange, a highly educated labor force, good quality of life and limited restrictions on investors. Some issues continue to cause frustration among local and foreign businessmen. Impediments include red tape and corruption, arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, flexible interpretation of laws and a lack of adequate protection of intellectual property.

Forty-one foreign companies opened offices or branches in Lebanon in 2004, according to statistics from the Ministry of Economy and Trade. In terms of a U.S. presence, Intel established an office in Beirut in 2004, and Computer Associates announced plans to open offices in Beirut.

Over the last three years, the GOL passed several laws and decrees to encourage investment. The Investment Development Law grants the Investment Development Authority of Lebanon (IDAL), a public agency under the Prime Minister, the authority to award licenses and permits for new investments as well as to grant special incentives, exemptions and facilities to large projects. In an attempt to attract foreign investments, IDAL launched in 2003 the "Investors Matching Service" to facilitate the creation of strategic international-local partnerships through joint venture, equity participation, acquisition, and others.

The government continues to express intention to privatize the telecommunications sector, power production and distribution at Electricite du Liban (EDL), Lebanon's national power company, Beirut and Tripoli ports management, and the regional water authorities. However, the Government's privatization efforts have stalled as a result of domestic political bickering and regional instability. In 2004, there was one positive development in the telecommunications sector. Cabinet endorsed four decrees paving the way for the implementation of the Telecom Privatization and Liberalization Law. These decrees cover the establishment of the Telecom Regulatory Authority and the corporatization of the fixed lines telephony under Liban Telecom.

There are opportunities for attracting foreign investors in infrastructure projects. The Council for Reconstruction and Development (CDR) announced a \$2.5 billion three-year program (2004-2006). The program covers a number of basic sectors, with roads and wastewater sectors taking the largest share (60%). Private sector companies should be wary when bidding for public projects. Transparency, clear regulations and fair consideration of bids have never been the rule in Lebanon.

A foreigner can establish a business under the same conditions that apply to a Lebanese national, provided the business is registered in the Commercial Registry. Registration depends on the foreigner having obtained residence and work permits. All companies established in Lebanon must abide by the Lebanese Commercial Code and regulations, and are required to retain the services of a lawyer. There are no sector-specific laws on acquisitions, mergers, or takeovers, except for bank mergers.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see real property section below). Foreign investors can generally establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company without difficulty. Specific requirements apply for holding and offshore companies, real estate, insurance, and banking.

Lebanese laws provide for three major types of companies: a joint-stock corporation, a limited liability partnership, and holding and offshore companies. In the first two cases, Lebanese must hold majority ownership and a majority capital share.

A joint-stock corporation (Societe Anonyme Libanaise - SAL) is governed by Decree Law No. 304 dated January 24, 1942 on Commercial Law. There are some limitations connected with foreign participation: a general limitation on management participation (Article 144), indirect limitation with regard to acquisition of capital shares (Article 147), limitation on capital shares with regard to public utilities (Article 78) and limitation on capital shares and management with regard to commercial representation (Article 78). In the financial sector, most establishments, including banking and insurance, should take the form of a joint stock company.

A limited liability partnership (Societe a Responsabilite Limitee - SARL) is governed by Decree Law No. 35, dated August 5, 1967.

Holding and offshore companies are governed by Decree Law No. 45 (on Holdings) and Decree Law No. 46 (on Offshore companies), dated June 24, 1983. At least two Lebanese should be on their Board of Directors.

Law No. 296 dated April 3, 2001, which amended a 1969 law (No. 11614) govern foreign acquisition of property. The new law eased legal limits on foreign ownership of property to encourage investments in industry and tourism, abolished discrimination for property ownership between Arab and foreign nationals, and lowered real estate registration fees from six percent for Lebanese and 16 percent for foreigners to five percent for both Lebanese and foreign investors. The law permits foreigners to acquire up to 3,000 square meters of real estate without a permit; foreigners can acquire more than 3,000 square meters with Cabinet approval. Cumulative real estate acquisition by foreigners is not to exceed 3 percent of total land in each district. Cumulative real estate acquisition by foreigners in the Beirut region is not to exceed 10 percent of the total land area. The law prohibits acquisition of property by Palestinians for fear of implantation.

Conversion and Transfer Policies

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There are no restrictions on the movement of capital, capital gains, remittances, or dividends, or on the inflow and outflow of funds. The conversion of foreign currencies or precious metals is unfettered. Foreign currencies are widely available and can be purchased from commercial banks or money dealers at market rates. There are no delays in remitting investment returns except for the normal time required by the banks to carry out transactions.

Expropriation and Compensation

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Land expropriation in Lebanon is relatively rare. The Law on Expropriation (Law No. 58 dated May 29, 1991, Article One), as well as Article 15 of the Constitution, clearly specifies the purpose of expropriation and calls for fair and adequate compensation. The Government may expropriate property for public utility projects, such as enlarging highways and streets. Compensation is paid at the time of expropriation and is often perceived as below market value. The Government does not discriminate against U.S. or other foreign investors, companies, or representatives in expropriation.

The Government, with the agreement of the Parliament, established two private and public real estate companies to encourage reconstruction and development in Greater Beirut (a private corporation "SOLIDERE" for Beirut's downtown commercial center, and a public company "ELYSSAR" for the southwest suburbs of Beirut). These companies have been granted the authority to expropriate certain lands for development, although in doing so they have faced serious legal challenges from landowners and squatters. Several court cases are still pending against SOLIDERE after ten years of litigation.

Dispute Settlement

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Over the last few years, the GOL has faced problems with previously awarded contracts. Some issues are still pending in the field of telecom and construction while others were resolved.

As of January 2005, the government had not settled its arbitration case with Cellis (two-thirds owned by France Telecom) and Libancell (11 percent owned by Finn Sonera) over Build/Operate/Transfer (B.O.T.) contracts for implementing two cellular GSM services in Lebanon. In 1999, both companies filed a case at the International Court of Arbitration regarding GOL fines of USD 300 million from each company for alleged contract violations. Cellis has also filed an additional complaint at the UN Trade Rights Commission for violation of the investment protection treaty signed between Lebanon and France. The case is still pending. In June 2001, the Cabinet terminated the two ten-year contracts three year prior to contract expiry. Cellis and Libancell received compensation for contract termination as estimated by international consulting company KPMG. In February 2003, the GOL purchased the network and assets of both companies.

Another government pending dispute case is related to construction of the Beirut International Airport. Hochtief/CCC has resorted to arbitration to resolve several issues related to this project. Some issues were settled while others remain pending.

Cases in Lebanese courts are not settled rapidly because of archaic procedures, a shortage of judges, inadequate support structures, and a traditional slowness in the handling of cases inherited from the days of the French mandate. There is interference in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, if the latter does not contradict Lebanese law. Judgments of foreign courts are enforced subject to the exequatur obtained. The Commercial Code (Book No. 5, Articles 459-668) and the Penal Code govern insolvency and bankruptcy. By law, a secured creditor has a right to share in the assets of a bankrupt party. Verdicts involving monetary values in contract cases are made according to the currency of the contract or its equivalent in Lebanese pounds at the official conversion rate on the day of the payment.

The "Lebanese Center for Arbitration" became operational on May 8, 1995. Created by local economic organizations, including the four Lebanese Chambers of Commerce, Industry and Agriculture, the Center acts as an arbitrator in solving Lebanese and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce in Paris.

Lebanon has an administrative judicial system that handles all kinds of disputes with the State. The Government does not accept binding international arbitration of investment disputes between foreign investors and the State. However, there is an exception for investors of countries that have signed an investment protection agreement (ratified by the Lebanese Parliament) that stipulates international arbitration in case of dispute.

Lebanon is not a member of the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention). Lebanon has ratified the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards.

Performance Requirements and Incentives

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There are no performance requirements on investment imposed by law. There are no requirements on foreign investors regarding geographic location, amount of local

content, import substitution, export expansion, and technology transfer, or source of financing. Investors are not required to disclose proprietary information as part of the regulatory approval process, except in the case of banks, which must have the Central Bank's approval for transfer of ownership.

Foreign investors enjoy the same incentives as local investors. Foreigners doing business in Lebanon must have work and residency permits and must register with a Chamber of Commerce to participate in trade-related activities.

The Investment Law divides Lebanon into three investment zones located outside Beirut, with different incentives provided in each zone. The Law encourages investments in the field of technology, information, telecommunications and media, tourism, industry and agriculture. Incentives include (a) facilitating issuance of permits for foreign labor; (b) allowing introduction of tailor-made incentives through package deals (for large investments projects), including tax exemptions up to 10 years and reductions in construction and work permit fees; and (c) exempting companies that list 40 percent of their shares on the Beirut Stock Exchange from income tax for two years. Investors who seek to benefit from facilities in the issuance of work permits under "package deals" must hire two Lebanese for every foreigner and register them at the National Social Security Fund.

Other laws and legislative decrees provide tax incentives and exemptions depending on the type of investment and its geographical location. Industrial investments in rural areas benefit from tax exemptions of six or ten years, depending on specific criteria (Law No. 27 dated 7/19/80, Law No. 282 dated 12/30/93, and Decree No. 127 dated 9/16/83). Exemptions are also available for investment in south Lebanon, Nabatiyah and the Biq'a' (Decree No. 3361 dated 7/7/00). For example, new industrial establishments manufacturing new products will benefit from a 10-year income tax exemption. Factories currently based on the coast that relocate to rural areas or areas in south Lebanon, Nabatiyah and the Biq'a' benefit from a six-year income tax exemption.

The Government reduces to five percent the tax on dividends for: (a) companies listed on the Beirut Stock Exchange (BSE); (b) companies that open up 20 percent of their capital to Arab companies listed on their country stock exchange or foreign companies listed on the stock exchange of OECD countries; and (c) companies that issue GDRs (Global Depository Receipts) amounting to a minimum 20 percent of their shares listed on the BSE.

Domestic and foreign investors can benefit from 5 to 7 percent interest rate subsidies by the Central Bank of Lebanon (CBL) for loans (up to a ceiling of approximately \$10 million) provided by banks, financial institutions and leasing companies to industrial, agricultural, tourism, and information technology establishments.

Custom exemptions are granted to industrial warehouses for export purposes. Companies located in the Beirut Port or Tripoli Port Free Zone benefit from a 10-year corporate tax holiday and are not required to register their employees with the Social Security Service if they provide equal or better benefits.

Incentives specified in some clauses in the Investment Law are deemed non-WTO compliant. These clauses give IDAL and the Prime Minister discretionary powers to determine investment incentives in the form of "package deals" as well as in approving

projects that could benefit from these incentives. Thus, potential MFN and national treatment violations (discriminatory treatment) with regard to incentives may occur.

Lebanon maintains one measure inconsistent with WTO Trade-Related Investment Measures (TRIMS) obligations. Importers of wheat must purchase about 25 percent of their overall purchases from the Ministry of Economy and Trade-Cereals and Sugar Beet Office (which purchases wheat from Lebanese farmers at prices higher than international markets, but sells it to wheat importers at international market prices). The government continues to subsidize local wheat production.

Right to Private Ownership and Establishment

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The right to private ownership is respected in Lebanon. Foreign private entities can establish, acquire, and dispose of interests in business enterprises and can engage in all kinds of remunerative activities.

Protection of Property Rights

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The concept of a mortgage exists, and secured interests in property, both movable and real, are recognized and enforced. Such security interests must be recorded in the Commercial Register and the Real Estate Register. Lebanon has a Real Estate Law that governs acquisition and disposition of all property rights by Lebanese nationals; Law No. 296 dated April 3, 2001 governs real estate acquisition by non-Lebanese.

Lebanon has legislation to provide adequate intellectual property right protection. However, enforcement is weak.

In 2004, the United States Trade Representative maintained Lebanon on the "Priority Watch List" category due to severe intellectual property right violations. Over 600 illegal cable operators are pirating all satellite and terrestrial television stations that cross the Lebanese airways. Pirate CDs, DVDs and other optical discs are widely available in the market. The majority of the computer software outlets continue to sell pirate computer software with piracy estimated at 74%. Many smuggled, counterfeit or alleged generic products that do not have any proper validation are available. In 2004, the government showed increased efforts to enforce IPR laws, such as several raids on pirated software and DVD outlets and increased border inspection.

Existing intellectual property right laws cover copyright, patent, trademarks and geographical indications.

-- Lebanon's 1999 Copyright Law largely complies with WTO regulations and needs minor amendments to become fully compatible. The new law allows educational institutions and students to copy legitimately acquired software for non-commercial use. Registration of copyrights in Lebanon is not mandatory. Copyright protection is granted without the need for any registration.

-- A modern Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs, plant varieties, and trade secrets, but with no adequate coverage for these latter areas. The Lebanese legal regime does not require examination, prior to registration, of patents for novelty, utility, and innovation. Simple patent deposit is required at the Ministry. The application is examined only for conformity with general laws and ethics.

-- Lebanon is currently near completion of a new Trademark and Geographical Indication Law. The 1924 Law on Industrial Property does not require examination of trademarks, but calls for simple deposit. However, examination of trademarks prior to registration became the norm starting in 2001. Registration of industrial trademarks takes about one week.

-- Lebanon has not signed any WIPO internet treaties.

Transparency of Regulatory System

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In principle, the Government of Lebanon encourages competition among companies bidding on Government contracts and does not discriminate against foreign investors. There is no one specific law regulating all aspects of Government procurement in Lebanon. Government administrations often award contracts by mutual agreement, without calling for a tender. The Government does not always establish "clear rules of the game." The government does not publish proposed laws and regulations in draft for public comment. In general, legal, regulatory and accounting systems are consistent with international norms.

The World Bank has recently released a report on "Doing Business in Lebanon 2005" describing the investment environment and identifying regulations that encourage and discourage investing in Lebanon; the report can be accessed at www.worldbank.org. The report points out to the long time span and high cost to set up a business in Lebanon and the difficulty of enforcing contracts.

Lebanon continues to suffer from rampant corruption when dealing with the public sector. According to Transparency International (TI), Lebanon's Corruption Perception Index (CPI) worsened in 2004. The CPI focuses on the degree to which corruption is perceived to exist among public officials and politicians. In the 2004 Annual Report, Lebanon dropped 19 places compared to 2003 and ranked 97th out of 146 countries surveyed by Transparency International. Lebanon ranked nine among 13 Arab countries surveyed, listed before Libya, Yemen, Sudan and Iraq. Lebanon's CPI fell from three to 2.7, signaling that the perception of corruption in Lebanon has significantly risen in the past year.

Efficient Capital Markets and Portfolio Investment

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Lebanon places no restrictions on the movement of capital in or out of the country, whether for investment or other purposes. The Government permits the free exchange

of currencies, precious metals, and monetary instruments, both domestically and internationally. Credit is allocated on market terms, and foreign investors can get credit facilities on the local market. The private sector has access to overdrafts and discounted treasury bills, in addition to a variety of credit instruments, such as housing, consumer, or personal loans, and loans to small and medium enterprises. In June 2003, the International Finance Corporation (IFC), the private sector arm of the World Bank, and Citibank signed a \$35 million four-year revolving trade facility to help Lebanese companies finance the import of capital goods and raw materials; the IFC will guarantee fifty percent of each transaction.

The Beirut Stock Exchange (BSE) quotes six commercial banks, five investment funds, 11 sovereign Eurobond issues (ten in USD and one in Euro), and five companies, including "SOLIDERE," one of the largest publicly held companies in the region. Trading is a combination of auction and continuous trading. Legislation allows the listing of tradable stocks or papers on the BSE. Lebanon is now the headquarters of the Arab Stock Exchange Union.

The regulatory system is transparent and consistent with international norms. Banks abide to the Bank for International Settlement (BIS) standards. Lebanon has legislation regulating issuance of and trading in bank equities. Parliament passed a law on unification of bank shares whereby banks may increase their capitalization and shareholder base as well as optimize trading of bank shares on the BSE. New laws governing the operation of the stock market, such as securitization, still await Parliament's approval. There are no restrictions on portfolio investment; foreign investors can invest in Lebanese equity and fixed income paper.

The banking system is sound and enjoys a high capital adequacy ratio of about 19 percent, more than double the ratio as set by Basel I (8 percent). The Central Bank and the Association of Banks have set up a committee to prepare the banking sector to comply with Basel II recommendations concerning capital adequacy.

The Lebanese banking sector, encouraged by the Central Bank, continues to consolidate. Over 25 bank mergers have taken place in the past decade, and additional mergers are anticipated after Parliament approves a revised Bank Mergers Law. International firms established in Lebanon, such as BNP/Paribas, Credit Suisse First Boston, HSBC, Citibank and Merrill Lynch, remain active. Many sectors are dominated by traditional businesses in the hands of commercially powerful families. The Government is trying to improve the transparency of such firms in order to help solidify an emerging capital market for company shares.

The total assets of Lebanon's five largest commercial banks reached about \$31.4 billion in 2003, or 52 percent of total banking assets. At the end of 2003, about 23.4 percent of total loans are estimated as non-performing, compared to 20.8 percent at the end of 2002. By the end of September 2004, the total assets of Lebanon's five largest commercial banks reached about \$35.2 billion, or 60.5 percent of total banking assets. At the banking sector level, about 25.8 percent of total loans is estimated as non-performing at the end of September 2004. However, banks continue to maintain more than two-thirds provisions against non-performing loans, while the remaining provision is covered by adequate collateral.

The Financial Action Task Force (FATF) recognized in its annual review Lebanon's sustained efforts to implement its anti-money laundering regime and decided to end formal monitoring of Lebanon in October 2003. In July 2003, Lebanon joined the Egmont Group of Financial Intelligence Units; this group works on international cooperation in the fight against money laundering. On November 30, 2004, Lebanon was elected to a one-year term to head the Middle East and North Africa (MENA) FATF - a FATF styled regional body that promotes best practices to combat money laundering and terrorism financing in the MENA region.

Political Violence

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Lebanon's location between two major regional states, Israel and Syria, directly affects the country's political and security environment. In 2004, the Lebanese-Israeli border was the scene of a number of incidents involving Hizballah, Palestinian, and other unidentified armed elements and the Israeli Defense Forces. Palestinian groups hostile to both the Lebanese government and the U.S. operate largely autonomously inside refugee camps in different areas of the country.

A number of politically motivated killings occurred in 2004. A bomb exploded near the car of former Minister and Druze politician Marwan Hamadeh after he made calls for a redirection in Syrian influence in Lebanon. The Minister escaped with non-life threatening injuries. However, his driver was injured and his bodyguard was killed. A handful of people associated with Islamist groups were also the targets of car bomb explosions and killings.

There were a number of violent incidents against U.S. outlets in 2002-2003. The most serious came in April 2003 when a device exploded inside the McDonald's outlet in Dora causing the injury of three persons. Another bomb was set to explode in the parking lot of McDonald's, but failed to detonate.

On February 14, 2005, Lebanon's former prime minister Rafik Hariri was killed in a bombing in central Beirut. The consequences of this violent act may have serious ramifications for Lebanon's political and economic future.

Corruption

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Lebanon has laws and regulations to combat corruption, but historically these are not always enforced. Lebanon has not signed the UN Anticorruption Convention and is not a signatory to the OECD Convention on Combating Bribery. In 2004, Lebanon hosted and participated in several local and regional anti-corruptions seminars. It is widely believed that investors routinely pay bribes to win contracts and that government contracts are often awarded to companies close to powerful politicians. International companies are faced with an unpredictable, opaque operating environment, and often encounter unanticipated obstacles or costs late in the process.

During 2004, the Lebanese judiciary took actions against public officials allegedly involved in corruption. Cases covered the Lebanese–American Agriculture Cooperation Project at the Ministry of Agriculture; investigations into the energy sector, including allegations of squandering public funds, abuse of power, and corruption in fuel tenders and contracting; and recommended legal action against three former officials at the national power utility EDL for neglect of duty.

Corruption is more pervasive in Government contracts (primarily in procurement and public works), taxation, and real estate registration, than in private sector deals. According to Lebanese law, it is a criminal act to give or accept a bribe. The penalty is imprisonment for up to three years, with hard labor in some cases, plus a fine equal to at least three times the value of the bribe. Bribing a Government official is also a criminal act. The Central Inspection Directorate is responsible for combating corruption in the public sector, while the public prosecutor is responsible for combating corruption in the private sector.

In November 2004, the Lebanese Transparency Association (LTA) and the Global Organization of Parliamentarians Against Corruption (GOPAC) organized a three-day conference entitled Parliamentarians against Corruption: Improving Transparency and Accountability in the Arab Region. Organizers announced the founding of the GOPAC-Arab Region Chapter.

USAID spent \$4 million in FY 2004 for activities to strengthen transparency and accountability in the local government and civic society (NGOs). USAID funded a Transparency and Accountability regional conference in Beirut in spring 2004, which was attended by nearly 130 participants from 12 Arab countries to discuss the challenges of improving transparency and discuss the possibility of adopting or adapting some of Lebanon's projects in other Arab countries. The Transparency and Accountability Grants project has demonstrated that there is a committed Lebanese constituency willing to work hard and creatively to address corruption in all sectors.

Bilateral Investment Agreements

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The U.S. has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement on the avoidance of double taxation. Lebanon has expressed an interest in signing both. Discussions of a BIT reached a preliminary stage in 2001 and have been pending since then. Several politicians had publicly expressed caution regarding a Middle East Free Trade Area.

Lebanon has signed bilateral investment treaties with the following countries (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Benelux, Bulgaria, Canada, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Hungary, Iran, Italy, Jordan, Kuwait, Malaysia, Morocco, Netherlands, Pakistan, Romania, Russia, Spain, Sweden, Switzerland, Syria, Tunisia, Ukraine, the U.A.E., the U.K., and Yemen.

Lebanon signed the Euro-Mediterranean Partnership agreement in 2002. In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement. Lebanon and Syria have four bilateral cooperation agreements in the fields

of economy, transport, agriculture and health. Lebanon has also signed the Arab Free Trade Zone Agreement as well as bilateral Free Trade Agreements with Egypt, Iraq, Kuwait, Syria and the UAE.

OPIC and Other Investment Insurance Programs

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On February 10, 1981, Lebanon and the U.S. signed an OPIC agreement in Beirut, but no investment using the OPIC insurance coverage was undertaken until 1996. In January 2005, OPIC is finalizing negotiations to grant a Lebanese company a loan agreement in the industry sector.

The Lebanese government's National Investments Guarantee Corporation (NIGC), which was established in 1977, continues to insure new investments against political and war risks, riots, losses due to non-convertibility of currencies and transfer of profits. Other major trade/investment insurance programs open for business in Lebanon include COFACE (France), ECGD (UK), HERMES (Germany), SACE (Italian) and IAIGC (Arab Consortium). Lebanon has joined the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.

The U.S. dollar value of the local currency has been trading at about Lebanese Lira (LL) 1,500 to the dollar for the last nine years. Demand for the Lebanese pound continues to pick up as a result of the confidence in the Central Bank of Lebanon's (CBL) ability to maintain a stable foreign exchange rate given its high foreign currency reserves and monetary measures by the CBL encouraging placements in LL instruments. The Government of Lebanon has repeatedly expressed its commitment to maintaining a stable pound. While financial markets have expressed concern about the implications of the February 14, 2005 murder of former Prime Minister Rafik Hariri, Lebanese authorities have emphasized their commitment to maintaining the value of the Lebanese currency.

Labor

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The 1964 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably in agriculture and the food service industries). The law provides for the right of association and the right to organize and bargain collectively. Lebanon is a member of the International Labor Organization (ILO) Convention.

There are no thorough or reliable statistics on the Lebanese labor force. Lebanon's working population totals 1.36 million, including foreign residents, but excluding the seasonal work force, according to the Central Administration of Statistics' 1997 study on household living conditions. Lebanon's total population is estimated at 4.4 million, according to the World Bank. The unemployment rate is estimated at 12-13 percent, according to reputable economic consultants.

Local unskilled labor is in short supply. Arab (mainly Syrian and some Palestinian refugees), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

Lebanon has a Federation of Labor Unions (CGTL), recognized by the government, whose membership is limited exclusively to Lebanese workers. The CGTL's activities are mainly limited to demanding cost-of-living increases and other social benefits. The government/labor relationship has improved compared to previous years, yet it remains difficult. The CGTL conducted demonstrations in Spring 2004 to protest a hike in gasoline prices. Workers-employer relations have also been problematic, and strikes take place frequently to protest layoffs.

Foreign-Trade Zones/Free Ports

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Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two free zones in operation, the Beirut port and the Tripoli port. The reconstruction of a 120,000 square meter free zone at the Port of Beirut is complete and a 6,000-square meter bonded warehouse facility is now available. The new Customs Law (WTO compatible) issued by Decree No. 4461 dated December 15, 2000 fosters the development of free zones (Chapter III, Articles 242-261).

Foreign Direct Investment Statistics

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There are no official statistics available on foreign direct investment (FDI). It is estimated that construction and real estate account for the largest part of foreign investment. The Central Bank of Lebanon estimated foreign direct investment in Lebanon to have reached \$1.506 billion in 2003 compared to \$1.336 billion in 2002, representing an increase of 12.7 percent. The methodology used by the CBL is not clear, and these figures are much higher than those reported by other sources.

According to a report released by the Inter-Arab Investment Guarantee Corporation (IAIGC), Lebanon received the largest share in Arab multilateral investments in 2003, attracting approximately \$850 million, representing 23 percent of total inter-Arab investments in 2003. Lebanon's share was about \$650 million in 2002. The largest amount of Arab investments into Lebanon came from Saudi Arabia (\$595 million), followed by the U.A.E. (\$170 million), Qatar (\$60 million), and Kuwait (\$25 million). About 80 percent of Arab investments in Lebanon were in services, 13 percent in industry and seven percent in agriculture. Lebanese investments in Arab countries dropped by 20.7 percent, from \$165 million in 2002 to \$130.8 million in 2003. Saudi Arabia was the largest recipient of Lebanese investments (\$90 million), followed by Sudan (\$15 million), Syria (\$14.7 million), and Egypt (\$5.5 million).

According to the UNCTAD World Investment Report released in September 2004, the flow of FDI in Lebanon is estimated to have increased from \$257 million in 2002 to \$358 million in 2003. UNCTAD does not consider investments in real estate. The FDI outflow from Lebanon is considered very small. FDI is estimated at market value. The stock of

FDI as a percent of GDP is estimated at 11 percent in 2003, compared to 9.4 percent in 2002.

Foreign direct investment still constitutes a small part of capital inflows to Lebanon, with the lion's share comprising remittances (estimated by the Central Bank of Lebanon to have reached \$2.7 billion in 2003), repatriated capital, and placements in Treasury bills and Eurobonds.

French, Italian, German, British, Korean, and Finnish companies have won most of the government contracts in the fields of electricity, water, and telecommunications, and for the Sport City Center and Beirut International Airport (BIA) projects. This could be attributed to (a) the travel ban which delayed the physical presence of U.S. companies in the Lebanese market to bid on projects until 1997, and (b) tied bilateral financial protocols, which provide grants and soft-term loans, signed between Lebanon and some European countries. U.S. companies won contracts in solid waste treatment and landfill, and some contracts in the power sector, air transport (radar equipment for BIA), and media (equipment for the national Radio Lebanon).

The U.S. Embassy in Beirut tracks U.S. companies' participation in the Lebanese economy. The Embassy actively lobbies to support U.S. companies bidding on projects, providing equal support to all U.S. bidders via letters and direct meetings with senior Lebanese government officials, and demanding fair consideration of U.S. bids. In some cases, the Embassy and U.S. Department of Commerce have provided higher-level advocacy from Washington. The Embassy encourages U.S. companies bidding on projects to contact the Embassy's Commercial Section for assistance and advocacy.

Web Resources

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World Bank: www.worldbank.org

Association of Banks in Lebanon: www.abl.org.lb

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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How Do I Get Paid (Methods of Payment)

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Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. About 50 percent of international trade is financed through letters of credit, and the remaining 50 percent through direct transfers. There are no credit rating agencies or collection agencies currently operating in Lebanon. Banks and sovereign Eurobonds are the only entities rated by international rating agencies.

How Does the Banking System Operate

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Lebanon is a financial hub for banking activities in the Middle East. It has one of the more sophisticated banking sectors in the region. Bank secrecy is strictly enforced. The Central Bank (CBL) regulates all financial institutions and money exchange houses. In April 2001, Lebanon adopted Law No. 318 which created a framework for lifting bank secrecy, mandating suspicious transaction reporting, requiring financial institutions to obtain and maintain records of customer identification information, and facilitating access to banking information and records by judicial authorities.

Foreigners can open accounts in banks operating in Lebanon and get credit on market terms. The Banking Control Commission (BCC) closely monitors bank credits. All credit transactions are subject to timely and accurate disclosure. The National Institute for the Guarantee of Deposits insures up to LL 5 million (about \$3,317) of Lebanese and foreign currency deposits in commercial banks. Bank financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

Foreign-Exchange Controls

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Lebanon imposes no foreign exchange controls. The foreign exchange market is not regulated nor restricted.

CITIBANK N.A.

Mr. Elia Samaha, Vice President and General Manager
Clemenceau Street,
Gefinor Center, Bloc E, 5th & 6th floors
P.O.Box 113-5794
Beirut, Lebanon
Tel: 961-1-738400/5
Fax: 961-1-738406
Email: elia.samaha@citicorp.com

AMERICAN EXPRESS BANK (Representative Office)

Mrs. Rana Mikati, Director and Representative, Near East region
Foch Street, Beirut Central District
The Atrium Bldg, 3rd floor
Beirut, Lebanon
P.O.Box 11-0327
Beirut, Lebanon
Tel: 961-1-987722
Fax: 961-1-987723
Email: rana.f.mikati@aexp.com
www.americanexpress.com

BANK OF NEW YORK (Representative Office)

Mr. Mohamed Ali Beyhum, VP and Representative
Maarad Street, Place de l'Etoile
The Atrium Bldg, 2nd floor
Beirut, Lebanon
Tel: 961-1-988788
Fax: 961-1-989001
Email: Mbeyhum@bny.com
www.bankofny.com

JP MORGAN CHASE BANK (Representative Office)

Mr. Mohammed Allaf, VP and Levant Manager
Clemenceau Street, Gefinor Center, bloc B,
16th floor, Suite No.1601
Beirut, Lebanon
P.O.Box 11-5133
Beirut, Lebanon
Tel: 961-1-739583
Fax: 961-1-739581
Email: mohammed.allaf@jpmorgan.com
www.jpmorgan.com

60 banks (out of 63 operating in Lebanon) maintain correspondent relationships with U.S. counterparts. Below is a list with contact information of the top ten commercial banks (ranked by assets as of December 31, 2002) with correspondent U.S. banking arrangements:

BLOM BANK S.A.L.

Dr. Naaman Azhari, Chairman-General Manager
BLOM Bank Bldg
Rashid Karamah str.
P.O.Box: 11-1912 Riad El Solh
Beirut, Lebanon
Tel: 961-1-738938; 961-1-743300
Fax: 961-1-738946
Email: blommail@inco.com.lb
www.blom.com.lb

BYBLOS BANK S.A.L.

Dr. Francois Bassil, Chairman-General Manager
Byblos Tower Bldg.,
Ashrafieh, Elias Sarkis Avenue
P.O.Box: 11-5605 Riad El Solh
Beirut, Lebanon
Tel: 961-1-335200
Fax: 961-1-339436
Email: byblosbk@byblosbank.com.lb
www.byblosbank.com.lb

BANQUE DE LA MEDITERRANEE S.A.L.

Dr. Mustafa Razian, Chairman-General Manager
Mediterranee Group Center
482 Clemenceau Str.
P.O.Box: 11-348 Riad El Solh
Beirut, Lebanon
Tel: 961-1-373937
Fax: 961-1-362706

BANQUE AUDI S.A.L.

(Note: Bank Audi also has a sister bank in New York, Bank Audi (USA). End note.)
Mr. Raymond Audi, Chairman-General Manager
Banque Audi Plaza, Bab Idriss
Beirut 2021 8102 - Lebanon
P.O.Box 11-2560 Riad El-Solh
Beirut, Lebanon
Tel: 961-1-994000; 961-1-995000
Fax: 961-1-990555
Email: bkaudi@audi.com.lb
www.audi.com.lb

BANQUE LIBANO-FRANCAISE S.A.L.

H.E. Farid Raphael, Chairman-General Manager
Beirut Liberty Plaza
P.O.Box 11-0808
Beirut, Lebanon
Tel: 961-1-340350/4
Fax: 961-1-340355

Email: info@eblf.com
www.eblf.com

FRANSABANK S.A.L.

Mr. Adnan Kassar, Chairman
Fransabank Center, Hamra Street
P.O.Box: 11-0393 Riad El-Solh
Beirut, Lebanon
Tel: 961-1-340180/8; 01-745761/4
Fax: 961-1-354572
Email: fsb@fransabank.com
www.fransabank.com

BANK OF BEIRUT S.A.L.

Mr. Salim Sfeir, Chairman-General Manager
Foch Street, Beirut Central District,
Bank of Beirut Bldg
P.O.Box: 11-7354
Beirut, Lebanon
Tel: 961-1-972972
Fax: 961-1-972972
Email: Executive@bankofbeirut.com.lb
www.bankofbeirut.com.lb

SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L.

Mr. Maurice Sehanoui, Chairman
Sehnaoui Bldg, Riad El-Solh Street
P.O.Box: 11-2955
Beirut, Lebanon
Tel: 961-1-980783
Fax: 961-1-980785
Email: sgbl@sgbl.com.lb
www.sgbl.com.lb

CREDIT LIBANAIS S.A.L.

Dr. Joseph Torbey, Chairman-General Manager
Ashrafieh, Sofil Center, 5th floor
P.O.Box: 16-6729
Beirut, Lebanon
Tel: 961-1-200028/9
Fax: 961-1-325713
Email: info@creditlibanais.com.lb
www.creditlibanais.com.lb

BBAC S.A.L.

Mr. Ghassan Assaf, Chairman-General Manager
250, Clemenceau Str.
BBAC bldg
P.O.Box: 11-1536 Riad El Solh
Beirut, Lebanon
Tel: 961-1-366630/1

Fax: 961-1-374299
Email: marketing@bbac.com.lb
www.bbac.com.lb

Project Financing

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Project financing in Lebanon varies and is not always clearly defined. According to the Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, Lebanon's total foreign funding (grants, soft loans, export credits, intermediate loans, and commercial loans) available at the end of 2003 amounted to \$5,616 million, including \$289 million of new financing obtained during 2003. The breakdown is as follows:

Millions of US dollars

	Grants	Loans			Total
		Soft loans	Others	Sub total	
Amount	840	2,410	2,366	4,776	5,616
% of total	15%	43%	42%	85%	100%

CDR estimates \$1.2 billion worth of projects in the water sector for the next five years, of which \$300 million is earmarked for potable water projects, \$200 million for irrigation, and \$700 million for wastewater projects. Other anticipated projects include the construction of the Lebanese University campus (\$20.35 million) and the rehabilitation of cultural heritage and urban development sites in five tourist and archaeological areas (\$31.5 million).

More than 30 funding sources are involved in CDR's reconstruction plan. Ten financing sources together represent over 90% of the total funding. These are the World Bank (15%), the Arab Fund for Economic and Social Development (14%), the European Investment Bank (11%), Kuwaiti funds (10%), the Islamic Development Bank (10%), Saudi Arabia (7%), Italy (6%), France (6%) and the commercial banks (5%).

The World Bank (IBRD) opened a permanent office in Lebanon in early 2000 to track IBRD loans and to assist the Lebanese government in obtaining additional loans geared towards administrative, tax, and social reform, as well as assistance to municipalities.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Council for Development and Reconstruction: www.cdr.gov.lb

Central Bank of Lebanon: www.cbl.gov.lb

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Business Customs

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Lebanon uses the metric system of weights and measures, and the monetary unit is the Lebanese pound (LL), also called the Lira. There are no exchange controls, and U.S. dollars circulate freely. Cash is the most common method of payment in Lebanon. Payment by check or credit card is possible nearly everywhere. Bank ATM machines are widespread and cash may be withdrawn in Lebanese pounds or U.S. dollars. Dress code is formal in most business and official settings.

Travel Advisory

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The U.S. Department of State advises all U.S. citizens of the risks of travel to Lebanon and recommends that Americans exercise caution while traveling there. For more information, please contact the Department of State at (202) 647-5225 or <http://travel.state.gov> or <http://www.usembassy.gov.lb/>.

Visa Requirements

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Visas are required for entry into Lebanon and may be obtained at Lebanese embassies (<http://www.lebanonembassy.org/>) and consulates, or upon arrival at Beirut International Airport (only for holders of American, Canadian and Western European passports). Travelers whose passports contain Israeli stamps or visas are routinely refused entry at the airport. If holders of Arab passports contain Israeli stamps or visas, they may be subject to arrest and imprisonment. Persons, including dual national Lebanese, suspected of having traveled via Israel during the 1982-2000 Israeli occupation of southern Lebanon, may also be subject to interrogation or detention."

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Beirut Consular Website: <http://www.usembassy.gov.lb/consular/consular.htm>

Telecommunications

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International calls are possible. The domestic public phone network is generally reliable. Various private cellular telephone and fax facilities exist. Prepaid cellular cards are widely available. Cellular phones may be rented for the duration of a visit. Internet service is available at an average monthly subscription fee of \$13 for unlimited access and is accessible to visitors at many hotels and a multitude of Internet cafes. Western Union has over 170 branches (many open 24 hours and on weekends) to facilitate wire transfers.

Transportation

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Although many international airlines serve Beirut, a 1984 Presidential Determination prohibits direct air links between the U.S. and Lebanon. Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are plentiful in and around the capital. Rental cars are readily available at a daily cost of \$20 and up, depending on the type and model of the car.

Language

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Arabic is the official language. French and English are widely spoken.

Health

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Most pharmaceuticals and health-related products are readily available in the local market. Private hospitals in Beirut and surrounding areas provide modern care. Doctors and hospitals often expect immediate cash payment for services if health insurance is not available.

Lebanon offers visitors a wide variety of foods and restaurants offer a variety of cuisines. The Lebanese take pride in their internationally renowned culinary talents and restaurant quality is considered to be outstanding.

Local Time, Business Hours, and Holidays

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Local time is GMT plus two in the winter, and GMT plus three in the summer. Government offices hours: 8:00 AM - 2:00 PM Monday through Thursday; 8:00 AM - 11:00 PM on Friday; and 8:00 AM - 1:00 PM on Saturday. Bank counters: Monday through Friday: 8:30 AM - 12:30 PM (some bank counters remain open until 3:00 PM or 4:00 PM); Saturday 8:00 AM to 12:00 noon. Private office hours vary and some exceed the 40-hour workweek.

The following dates are considered holidays in Lebanon:

New Year's Day (Jan. 1); St. Maron's Day (Feb. 9); Feast of Ramadan (Variable); Good Friday and Easter Monday, Western Rite (Variable); Labor Day (May 1); Eastern Orthodox Good Friday and Easter Monday (Variable); Martyr's Day (May 6); Feast of Al-Adha (Variable); Ashura (Variable); Moslem New Year (Variable); Assumption Day (Aug. 15); Prophet's Birthday (Variable); All Saints' Day (Nov. 1); Independence Day (Nov. 22); and Christmas (Dec. 25).

Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of laptops and software. Temporary entry of exhibit materials requires a Temporary Admission (ATA) carnet, which can be obtained from the Chamber of Commerce. Video and audio disks and tapes may be subject to search and seizure.

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-- U.S. Embassy in Lebanon: <http://www.usembassy.gov.lb/>

-- Lebanese Embassy in the U.S.: <http://www.lebanonembassy.org/>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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- U.S. Commercial Service: <http://www.buyusa.gov/lebanon>
- Ministry of Agriculture: <http://www.agriculture.gov.lb/>
- Ministry of Economy and Trade: <http://www.economy.gov.lb/>
- Ministry of Finance: <http://www.finance.gov.lb/>
- Ministry of Industry: <http://www.industry.gov.lb/>
- Ministry of Post and Telecommunications: <http://www.mpt.gov.lb/>
- Ministry of Public Health: <http://www.public-health.gov.lb/>
- Ministry of Public Works: <http://www.public-works.gov.lb/>
- Ministry of Tourism: <http://www.lebanon-tourism.gov.lb/>
- Central Bank: <http://www.bdl.gov.lb/>
- Investment Development Authority of Lebanon: <http://www.idal.com.lb/>
- Council for Development and Reconstruction: <http://www.cdr.gov.lb/>
- Trade Information Center: <http://www.economy.gov.lb/>
- Beirut Chamber of Commerce, Industry and Agriculture: <http://www.ccib.org.lb/>
- American Lebanese Chamber of Commerce: <http://www.amcham.org.lb/>
- Lebanese Bankers Association: <http://www.abl.org.lb/>
- Lebanese Industrialists' Association: <http://www.ali.org.lb/>
- Beirut Merchants' Association
Beirut Chamber of Commerce, Industry and Agriculture Bldg.
Justinien St., Sanayeh
Tel: 961-1-345735, 961-1-347997
Fax: 961-1-747887

-- Data and Investment Consult-Lebanon: www.dataandinvestmentconsult.com

-- Masri Etudes et Expertises: <http://www.masri.com.lb/>

-- Consultant and Research Institute: cri@dm.net.lb

-- Centre de Recherches et d'Etudes Agricoles
Dr. Riad Saadeh, Director
New Jdeidet St.
Jdeidet Al-Metn
Tel/Fax: 961-1-899433, 961-1-601574

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/lebanon>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.